1995

NOTICE OF SPECIAL AND ANNUAL GENERAL MEETING

of

SHAREHOLDERS

and

INFORMATION CIRCULAR

of

FOOTHILLS OIL & GAS LTD.

& Financial Statement Sept. 30/95

January 26, 1996

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NOTICE OF SPECIAL AND ANNUAL GENERAL MEETING OF SHAREHOLDERS

OF

FOOTHILLS OIL & GAS LTD.

Calgary, Alberta

January 26, 1996

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that a special and annual general meeting (the "Meeting") of the holders of common shares ("Common Shares") of Foothills Oil & Gas Ltd. (the "Corporation") will be held at 4500, 855 - 2nd Street S.W., Calgary, Alberta, on Tuesday, February 27, 1996 at 10:00 a.m. (Calgary time) for the following purposes:

(a) to receive and consider the financial statements and auditors' report thereon for the fiscal year ending June 30, 1995;

(b) to elect directors of the Corporation for the ensuing year;

(c) to appoint auditors of the Corporation for the ensuing year;

(d) to consider and, if thought fit, to pass a resolution authorizing the Corporation to enter into a "Major Transaction", as defined in Alberta Securities Commission Policy 4.11 involving

   (i) the acquisition by the Corporation of all of the issued and outstanding shares of Milor Energy Inc., for an acquisition cost of $200,000 to be paid by the issuance of 2,000,000 Common Shares from treasury at an agreed price of $0.10 per share;

   (ii) the acquisition by the Corporation of an interest in certain oil and gas properties in the Hayter area of Alberta for an acquisition cost of $400,000 to be paid by $250,000 cash and the issuance of 1,500,000 Common Shares from treasury at an agreed price of $0.10 per share;

   (iii) the transfer within escrow of 1,000,000 Common Shares of the Corporation for an aggregate cost of $100,000 from certain shareholders of the Corporation to certain shareholders and nominees of Milor Energy Inc.; and

   (iv) the private placement by the Corporation of a minimum of 2,000,000 and a maximum of 3,000,000 Common Shares from treasury at a price of $0.10 per share to one or more investors introduced to the Corporation by Milor Energy Inc.,

   all as more particularly described in the accompanying information circular ("Information Circular") of the Corporation; and

(e) to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying instrument of proxy ("Instrument of Proxy") or other appropriate form of proxy in accordance with the instructions set forth in the accompanying Information Circular. An Instrument of Proxy will not be valid unless it is deposited at the offices of Montreal Trust Company of Canada, Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, not less than forty-eight (48) hours (excluding, Saturdays, Sundays and holidays in the Province of Alberta) before the time of the Meeting, or any adjournment thereof, or unless it is delivered to the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. A person appointed as proxy need not be a shareholder of the Corporation.

Only holders of Common Shares of record as of the close of business on January 26, 1996 are entitled to receive notice of the Meeting.

DATED at Calgary, Alberta, this 26th day of January, 1996.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) RAYMOND A. SIWIEC
President and Secretary

Attached hereto:
Information Circular

Enclosed herewith:
Instrument of Proxy
Return Envelope

GLOSSARY OF ABBREVIATIONS AND TERMS

In this Information Circular, unless the context otherwise requires, capitalized words and phrases shall have the meanings set forth below:

"ARTC" means Alberta Royalty Tax Credit;

"bbl" means one stock tank barrel of oil;

"bcf" means one billion cubic feet of natural gas;

"BOE" means barrels of oil equivalent;

"BOED" means barrels of oil equivalent per day;

"btu" means one British thermal unit;

"Common Shares" means the Common Shares of the Corporation;

"Foothills" or the **"Corporation"** means Foothills Oil & Gas Ltd., a corporation incorporated under the *Business Corporations Act* (Alberta);

"Founding Shareholders" means the shareholders of Foothills as at September 30, 1993, being: Raymond A. Siwiec, Laura M. Siwiec, P. Douglas McArthur, Hervé B. Collet, Philip A. Coleman, Edward Siwiec, B. Vaughan Armstrong, Robert Elsworthy and Edward E. Gilbert;

"Hayter Acquisition" means the acquisition by Milor of the Hayter Property;

"Hayter Interest" means a 91.1% interest in the Hayter Property;

"Hayter Property" means the 98.5% working interest to be acquired by Milor in certain properties in the Hayter area of Alberta and which are evaluated in one of the Henderson Reports;

"Hayter Purchase Agreement" means the agreement to be entered into between Foothills and Milor relating to the acquisition by Foothills of the Hayter Interest;

"Henderson" means Henderson and Associates Petroleum Consultants Ltd., independent geological and petroleum engineering consultants;

"Henderson Reports" means the independent appraisal reports prepared by Henderson effective January 1, 1995 and September 1, 1995, respectively evaluating the hydrocarbon reserves owned by Milor in the Woking area of Alberta and the hydrocarbon reserves to be acquired by Milor in the Hayter area of Alberta, respectively;

"mbbl" means one thousand stock tank barrels of oil;

"mcf" means one thousand cubic feet of natural gas;

"mmcf" means one million cubic feet of natural gas;

"mmbtu" means one million British thermal units;

"Milor" means Milor Energy Inc., a private corporation incorporated under the *Business Corporations Act* (Alberta);

"Milor Shareholders" means all of the holders of outstanding securities of Milor, being William J. Kiff and Nancy M. Kiff;

"Policy" means The Alberta Securities Commission Policy 4.11 entitled "Junior Capital Pool Offerings";

"Private Placement" means the private placement of a minimum of 2,000,000 and a maximum of 3,000,000 Common Shares of the Corporation to one or more investors introduced to the Corporation by Milor;

"Properties" means, collectively, the Hayter Property and the Woking Property;

"Purchase and Sale Agreement" means the agreement dated as of December 28, 1995 among Foothills, Milor and the Milor Shareholders relating to the acquisition of all of the issued and outstanding shares of Milor by Foothills;

"Record Date" means January 26, 1996;

"Shareholder" or "Shareholders" means the holder or holders of Common Shares in the capital of Foothills;

"Woking Property" means certain properties of Milor in the Woking area of Alberta which are evaluated in one of the Henderson Reports.

THE ALBERTA STOCK EXCHANGE HAS NOT IN ANY WAY PASSED UPON THE MERITS OF THE MAJOR TRANSACTION DESCRIBED HEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

INFORMATION CIRCULAR

Special and Annual General Meeting of Shareholders to be held on February 27, 1996

FOOTHILLS OIL & GAS LTD.

SOLICITATION OF PROXIES

This information circular (the "Information Circular") is furnished in connection with the solicitation by the management of Foothills of proxies to be used at the special and annual general meeting (the "Meeting") of the Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the accompanying notice of special and annual general meeting ("Notice of Meeting") and in this Information Circular. Solicitation of proxies will be primarily by mail, but may also be by telephone or oral communication by the directors, officers and regular employees of the Corporation at no compensation. The cost of the solicitation of proxies will be borne by the Corporation.

Appointment and Revocation of Proxy

An instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

The persons named in the instrument of proxy ("Instrument of Proxy") accompanying this Information Circular are officers and directors of the Corporation. **A Shareholder submitting an Instrument of Proxy shall have the right to appoint a person to represent the Shareholder at the Meeting other than the person or persons designated in the Instrument of Proxy furnished by the Corporation. To exercise this right, the Shareholder must either insert the name of the desired representative in the blank space provided in the Instrument of Proxy or submit another proxy.** An Instrument of Proxy will not be valid unless it is deposited at the offices of The Montreal Trust Company of Canada ("Montreal Trust"), Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays in the Province of Alberta) before the time of the Meeting, or any adjournment thereof, or unless it is delivered to the chairman of the Meeting prior to the commencement of the Meeting, or any adjournment thereof.

A person giving a proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, an Instrument of Proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney duly authorized, and delivered to the offices of Montreal Trust, Suite 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which such Instrument of Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting prior to its commencement, or any adjournment thereof, and upon either of such deliveries the Instrument of Proxy shall be revoked.

Exercise of Discretion by Proxies

The persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MATTERS REFERRED TO IN THE ACCOMPANYING NOTICE OF MEETING. The enclosed Instrument of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

As at the date of this Information Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting, other than those matters referred to in the Notice of Meeting.

Voting of Common Shares

As at the date hereof, there are 3,400,000 Common Shares of the Corporation issued and outstanding, each carrying the right to one vote per share. Only Shareholders registered on the Record Date are entitled to receive notice of and to vote at the Meeting unless after that date a Shareholder of record transfers his shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns the shares, requests not later than ten (10) days before the Meeting that the transferee's name be included in the list of Shareholders entitled to vote, in which case such transferee is entitled to vote such Common Shares at the Meeting.

RESOLUTION TO APPROVE THE MAJOR TRANSACTION

Background

The Corporation is currently subject to the Policy which provides that a "major transaction" involving the Corporation must receive Shareholder approval. A major transaction is defined to include any transaction whereby the Corporation:

(a) issues more than 25% of its issued and outstanding Common Shares prior to the completion of the Major Transaction to acquire assets (other than cash) or securities of another issuer;

(b) enters into an arrangement, amalgamation, merger or reorganization with another issuer pursuant to which the ratio of securities which are distributed to the two sets of security holders results in the security holders of the other issuer acquiring control of the entity arising from the arrangement, amalgamation, merger or reorganization;

(c) acquires significant assets (other than cash) or a business in any way other than as set out in paragraphs (a) or (b); or

(d) issues more than 25% of its issued and outstanding Common Shares prior to the completion of the Major Transaction for cash (a "Private Placement").

Once the Corporation has completed a major transaction, other than a Private Placement, it will be considered to be an operating entity that is no longer subject to the Policy.

Shareholder approval of a major transaction must be obtained through a proxy solicitation effected in accordance with the Policy. Shareholders must be provided with full, true and plain disclosure of all material facts pertaining to the major transaction. The disclosure is required to be contained in an information circular, and its form and content must be approved by The Alberta Stock Exchange prior to its delivery to Shareholders. All Shareholders, other than the promoters, directors and officers of the Corporation and of Milor and other insiders and associates or affiliates of those persons or companies ("Related Parties"), must be provided the right to approve the major transaction on the basis of the application of the "majority of the minority" test, pursuant to which the resolution must be passed by at least 50% plus one vote of the votes cast by the minority Shareholders (that is, Shareholders other than Related Parties) who vote at the meeting convened to consider the resolution for approval.

Major Transaction

The major transaction proposed by management of the Corporation (hereinafter referred to as the "Major Transaction") includes the acquisition by Foothills of all of the issued and outstanding shares of Milor for an acquisition cost of $200,000 and the acquisition by Foothills of the Hayter Interest for an acquisition cost of $400,000. The Properties have been independently evaluated by Henderson at a value of $675,000 based on the present value of future cash flows discounted at 15% using constant pricing. The aggregate acquisition cost of $600,000 will be paid by (i) the issuance of 2,000,000 Common Shares of the Corporation to the Milor Shareholders from treasury at an agreed value of $0.10 per share; (ii) the issuance of 1,500,000 Common Shares of the Corporation to Milor and/or its nominee or

nominees from treasury at an agreed value of $0.10 per share; and (iii) the payment to Milor of $250,000 cash. The Major Transaction also includes the transfer within escrow of 1,000,000 Common Shares of the Corporation for an aggregate price of $100,000 from the Founding Shareholders to certain other parties as well as the private placement of a minimum of 2,000,000 and a maximum of 3,000,000 Common Shares of the Corporation to one or more investors introduced to the Corporation by Milor.

The persons named in the accompanying Instrument of Proxy intend to vote for the approval of the Major Transaction as described herein.

Election of Directors

The board of directors of the Corporation currently consists of Mr. Philip A. Coleman, Mr. P. Douglas McArthur and Mr. Raymond A. Siwiec. It is proposed that four directors be elected to serve until the next annual meeting or until their successors are duly elected, unless their offices are earlier vacated. **The Management of the Corporation proposes to nominate and the persons named in the accompanying Instrument of Proxy intend to vote in favour of the election of the persons named below as directors of the Corporation.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Instrument of Proxy reserve the right to vote for another nominee in their discretion. Each nominee elected as a director will hold office until the next annual general meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table and the notes thereto state the names of the persons proposed to be nominated for election as directors, all other positions and offices with the Corporation now held by them, their principal occupation or employment during the past five years, the periods during which they have served as directors of the Corporation and the approximate number of Common Shares beneficially owned, directly or indirectly, by each of them at the date hereof and the number of Common Shares beneficially owned after giving effect to the Major Transaction:

Name and Municipality of Residence	Office(s) with the Corporation Now Held	Principal Occupation or Employment for the last five years	Became Director	Common Shares Beneficially Owned(1)	Common Shares Beneficially Owned After Giving Effect to the Major Transaction
Philip A. Coleman (3) Calgary, Alberta	Director	President of Triple Pacer Resources Ltd. (an oil and gas company) from 1987 to present and President of Leader Gas Ltd. (an oil and gas company) from May, 1993 to November, 1995.	December 30, 1994	200,000	100,000

Name and Municipality of Residence	Office(s) with the Corporation Now Held	Principal Occupation or Employment for the last five years	Became Director	Common Shares Beneficially Owned[1]	Common Shares Beneficially Owned After Giving Effect to the Major Transaction
P. Douglas McArthur [3] Calgary, Alberta	Director	Independent businessman from January, 1993, and presently the Secretary-Treasurer and a Director of Bowridge Resource Group Inc. (an oil and gas service company) and the President of Script Publishing Inc. (a publishing company), Director of Southern Alberta office of the Premier of Alberta from April, 1990 to December, 1992. President of C2C Satellite Productions Inc., a satellite uplink and television production company from May, 1989 to March, 1990. President, Director and Chairman of Knee Hill Energy Canada Ltd. (and predecessor companies) an oil and gas exploration and development company from July, 1977 to March, 1989.	September 3, 1993	200,000	100,000

Name and Municipality of Residence	Office(s) with the Corporation Now Held	Principal Occupation or Employment for the last five years	Became Director	Common Shares Beneficially Owned(1)	Common Shares Beneficially Owned After Giving Effect to the Major Transaction
Raymond A. Siwiec (3) Calgary, Alberta	President, Secretary and a Director	Independent businessman from February, 1993 to the present and currently President, Secretary and a Director of Foothills Oil & Gas Ltd. General Manager of the Calgary property management department of Colliers Macaulay Nicolls Inc. (a commercial real estate brokerage company) from November, 1990 to January, 1993; salesperson with Colliers Macaulay Nicolls Inc. from January, 1990 to October, 1990; President of New Venture Consulting Services (a consulting company) from November, 1985 to December, 1989. President and Director of Enterprise Development Corporation (a former junior capital pool company) from June, 1987 to completion of reverse takeover in April, 1988.	September 3, 1993	700,000	350,000
William J. Kiff	none	President and Director of Canadian Pioneer Energy Inc. (an oil and gas company) up to July 5, 1995 and currently President and Director of Milor Energy Inc.	nominee	0	2,100,000

Notes:

(1) The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
(2) Certain directors and officers have also been granted stock options. See "Stock Options" in Schedule "A" hereto.
(3) Member of audit committee.

Additional Directors

If the Major Transaction is completed, Messrs. Philip A. Coleman and P. Douglas McArthur will resign and the vacancies resulting therefrom will be filled pursuant to subsection 106(1) of the *Business Corporations Act* (Alberta) with a nominee of the Milor Shareholders. It is expected that the person named below will be a nominee to become an additional director:

Name and Municipality of Residence	Office(s) with the Corporation Now Held	Principal Occupation or Employment for the last five years	Became Director	Common Shares Beneficially Owned[1]	Common Shares Beneficially Owned After Giving Effect to the Major Transaction
Kevin Kelly Ottawa, Ontario	None	Since July 1, 1988 has held the positions of Assistant Branch Manager and, subsequently, Vice President and Co-Manager with Richardson Greenshields	Nominee	0	100,000

Basis of Agreement

The Purchase and Sale Agreement was negotiated on an arm's length basis. In negotiating the agreement it was agreed to establish a share value of $2,000 to each of the 100 issued and outstanding common shares of Milor after taking into account the Hayter Acquisition. It was agreed that the Common Shares of the Corporation would be valued at $0.10 per Common Share.

Transfer Within Escrow

As part of the Major Transaction, the Founding Shareholders of the Corporation have agreed to transfer within escrow 1,000,000 Common Shares of the Corporation for an aggregate price of $100,000 to the Milor Shareholders and their nominees as follows:

Vendors	Number of Common Shares to be Sold
Raymond A. Siwiec	350,000
Laura M. Siwiec	160,000
P. Douglas McArthur	100,000
Hervé B. Collet	100,000
Philip A. Coleman	100,000
Edward Siwiec	80,000
B. Vaughan Armstrong	50,000
Robert Elsworthy	50,000
Edward E. Gilbert	10,000
TOTAL	1,000,000

Purchasers	Number of Common Shares to be Acquired
B.F. Kelly	233,333

Purchasers	Number of Common Shares to be Acquired
166393 Canada Inc.	600,000
JSJ Ventures Ltd.	66,667
William Ostlund	33,333
Joseph Hodorek	66,667
TOTAL	1,000,000

The above shares are currently subject to escrow restrictions pursuant to an escrow agreement dated November 24, 1993 among the Corporation, the Founding Shareholders and Montreal Trust. The foregoing transfer will be subject to the approval of the Alberta Securities Commission.

Private Placement

The proposed Major Transaction also includes a private placement of securities of the Corporation to purchasers introduced to the Corporation by the Milor Shareholders. The Private Placement shall involve the issuance and sale by the Corporation of a minimum of 2,000,000 and a maximum of 3,000,000 Common Shares of the Corporation at a price of $0.10 per share in reliance on available exemptions to the prospectus and registration requirements contained in the *Securities Act* (Alberta). The closing of the Private Placement shall occur concurrently with the acquisition by the Corporation of all of the issued and outstanding shares of Milor.

Principal Holders of Shares After Major Transaction

To the knowledge of the directors and senior officers of the Corporation, after giving effect to the Major Transaction but without taking into account the transfers within escrow by the Founding Shareholders (see "Major Transaction"), the only persons who will beneficially own, directly or indirectly, or who will exercise control or direction over more than 10% of the Common Shares of the Corporation are as listed below:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares Owned or Controlled	Percentage of Class
William J. Kiff Calgary, Alberta	of record and beneficially	2,100,000	23%
166393 Canada Inc.	of record and beneficially	1,000,000	11%

Other Conditions

In addition to the requirement to obtain shareholder and regulatory approval, the Purchase and Sale Agreement contains a number of conditions precedent to the obligation of the Corporation and the other parties thereto. Unless all of such conditions are satisfied or waived, the Major Transaction will not proceed. The following is a summary of the significant conditions contained in the Purchase and Sale Agreement:

(a) at or before the time of closing, Foothills shall have completed the Private Placement;

(b) all representations and warranties in the Purchase and Sale Agreement must be true and correct in all material respects on the date of closing;

(c) the Corporation and Milor shall have received satisfactory solicitor's opinions pertaining to various matters in the Purchase and Sale Agreement;

(d) concurrent with the closing, the Vendors or their nominees shall have purchased within escrow from the Founding Shareholders an aggregate of 1,000,000 Foothills shares for an aggregate purchase price of $100,000;

(e) the Corporation shall have conducted due diligence enquiries and investigations satisfactory to them, such satisfaction to be communicated to the other prior to the day that is ten business days from the date of execution of the Purchase and Sale Agreement;

(f) the present officers of the Corporation and the present directors of the Corporation other than Raymond A. Siwiec shall have delivered to the Milor Shareholders undertakings to resign immediately following the time of closing and the Shareholders of the Corporation shall have elected William J. Kiff as a director of the Corporation;

(g) the present directors of the Corporation shall have exercised or waived their right to exercise any outstanding stock options to acquire Common Shares of the Corporation granted to them prior to the date of the Purchase and Sale Agreement; it is anticipated that the Corporation will, at the closing of the Major Transaction, grant stock options to acquire up to 10% of the outstanding Common Shares of the Corporation at a price of $0.10 per Common Share;

(h) the Corporation shall have delivered to the Milor Shareholders a certificate stating that the net cash balance of the Corporation exceeds $150,000 prior to the exercise of outstanding stock options, prior to accounting for the payment of any Goods and Services Tax and after accounting for payment of the cash portion of the purchase price under the Purchase and Sale Agreement and after receipt of the proceeds of the Private Placement;

(i) at the time of closing, the balance sheet of Milor to be delivered at closing shall show the difference between the current assets and the current liabilities of Milor to be less than $3000 and Milor shall not have a retained earnings deficit;

(j) at or any time prior to the time of closing, Milor shall have completed the Hayter Acquisition; and

(h) at the time of closing, Foothills shall have completed the acquisition of the Hayter Interest.

Recommendation of the Board of Directors

After giving consideration to the current value of the Foothills shares, to the potential growth and development of the business of Foothills and to the requirements that the Corporation complete a major transaction in order to maintain its listing on The Alberta Stock Exchange, the board of directors of the Corporation unanimously recommends that holders of Common Shares of Foothills vote in favour of the Major Transaction.

Information Concerning the Corporation and Milor

Further information concerning the business and affairs and the financial statements of the Corporation and Milor are set forth in the attached Schedule "A".

Resolution

In accordance with the Policy and the foregoing, the Shareholders will be asked to consider and, if thought fit, to approve the following resolutions on a "majority of the minority" basis, in substantially the following form. In order to be effective, the resolutions approving the Major Transaction must be passed by the affirmative vote of a simple majority of the votes cast by the holders of Common Shares of the Corporation present in person or by proxy at the Meeting, excluding the promoters, directors and officers of the Corporation, and of Milor and any of their insiders, associates or affiliates.

BE IT RESOLVED THAT:

1. The Corporation be and it is hereby authorized and directed to enter into a "Major Transaction", as defined in Alberta Securities Commission Policy 4.11 involving:

(i) the acquisition by the Corporation of all of the issued and outstanding shares of Milor Energy Inc. for an acquisition cost of $200,000, to be paid by the issuance of 2,000,000 Common Shares from treasury at an agreed value of $0.10 per share;

(ii) the acquisition by the Corporation of an interest in certain oil and gas properties in the Hayter area of Alberta for an acquisition cost of $400,000 to be paid by $250,000 cash and the issuance of 1,500,000 Common Shares from treasury at an agreed price of $0.10 per share;

(iii) the transfer by certain Shareholders of the Corporation within escrow of 1,000,000 Common Shares of the Corporation for an aggregate price of $100,000 to certain Shareholders of Milor Energy Inc. and their nominees;

(iv) the private placement by the Corporation of a minimum of 2,000,000 and a maximum of 3,000,000 Common Shares of the Corporation to one or more investors introduced to the Corporation by Milor Energy Inc., all as more fully set forth in the Information Circular of the Corporation dated January 26, 1996;

2. In connection with aforementioned "Major Transaction", the Corporation be and it is hereby authorized to issue up to 6,500,000 Common Shares at an issue price of $0.10 per share, all as more fully described in the Information Circular of the Corporation dated January 26, 1996;

3. Any director or officer of the Corporation be and is hereby authorized to approve the form of and to execute and deliver any and all such documents and to do all such other acts and things as may be necessary, expedient or desirable in order to give effect to the foregoing resolutions; and

4. Without further approval of the Shareholders, the board of directors of the Corporation be and is hereby authorized to abandon or postpone the carrying out of the Major Transaction described herein, at its discretion, at any time prior to the completion thereof.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Information Circular and attachments hereto, and as described below, none of the insiders of the Corporation or any of their associates or affiliates has or has had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction that has materially affected or would materially affect the Corporation.

APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Barr Shelley Stuart as auditors of the Corporation to hold office until the next annual meeting of Shareholders. Barr Shelley Stuart have been auditors of the Corporation since its incorporation in September, 1993.

OTHER BUSINESS

Management of the Corporation has no knowledge, as at the date hereof, of any business other than that mentioned in the Notice of Meeting, to be presented for action by the Corporation at the Meeting. However, the Instrument of Proxy solicited hereunder confers upon the proxy holder the discretionary right to exercise the powers conferred thereunder upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof.

CERTIFICATE

The foregoing, together with the schedules attached hereto, constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the Shareholders of Foothills. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta, this 26th day of January, 1996.

(Signed) Raymond A. Siwiec
Chief Executive Officer and
Chief Financial officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) Philip A. Coleman
Director

(Signed) P. Douglas McArthur, Q.C.
Director

SCHEDULE "A"

incorporated into and forming part of
the Information Circular of

FOOTHILLS OIL & GAS LTD.

Dated January 26, 1996

Detailed Information Regarding
The Corporation and Milor

PART I
INFORMATION CONCERNING THE CORPORATION

THE CORPORATION

The Corporation was incorporated under the name Foothills Oil & Gas Ltd. A Certificate of Incorporation was issued pursuant to the provisions of the *Business Corporations Act* (Alberta) on September 3, 1993.

The registered office of the Corporation is located at 4500 Bankers Hall East, 855 2nd Street S.W., Calgary, Alberta, T2P 4K7. The head office and principal office of the Corporation is located at 3203 - 24th Avenue N.W., Calgary, Alberta, T2N 1N5.

BUSINESS OF THE CORPORATION

History and Operations of the Corporation

To date, the Corporation has only carried on business in connection with the identification, evaluation and negotiation of opportunities for a Major Transaction as defined in Alberta Securities Commission Policy 4.11.

MANAGEMENT AND KEY PERSONNEL

The following is a brief description of the management and key personnel of the Corporation:

Philip A. Coleman, P. Geol. - Director. Mr. Coleman received his Bachelor of Science (Advanced) degree from the University of Saskatchewan in 1973. He has since 1987 been President of Triple Pacer Resources Ltd., which is a private oil and gas exploration and development company and consulting firm specializing in investments, acquisitions and divestitures within the petroleum industry, and from May, 1993 to November, 1995 was President of Leader Gas Ltd. which is a private oil and gas operating company involved in shallow gas development in southwest Saskatchewan. Previously he was with several public companies in various positions including Vice President of Exploration and Production of Knee Hill Energy Canada Ltd. (1981-1987), Senior Geologist at Merland Exploration (1977-1981) and Area Geologist at Husky Oil (1973-1977).

Hervé B. Collet - Vice President. Mr. Collet received his Bachelor of Geology degree from the University of Calgary in 1973. Since 1976, he has been President of Bzh Petroleum Consultants Ltd., a Calgary based oil and gas consulting firm providing management and technical services to Canadian and internationally based oil and gas companies. His oil and gas experience includes property evaluation, negotiation, exploration, drilling, production and oil and gas management on a national and international scale. Mr. Collet has been actively involved in horizontal and multi-bore drilling projects in Canada, the Paris Basin and North Africa.

P. Douglas McArthur, Q.C. - Director. Mr. McArthur received his Bachelor of Arts degree from the University of Calgary in 1967 and his Bachelor of Laws degree from the University of British Columbia in 1971. He practiced law in Calgary in a general legal practice from 1972 to 1980. From 1979 to 1989 he was President, Director and Chairman of Knee Hill Energy Canada Ltd. (and predecessor companies), a public junior oil and gas company which has since become a private company. Mr. McArthur is presently the President of Script Publishing Inc. and Secretary/Treasurer and a Director of Bowridge Resource Group Inc., an oilfield services company trading on The Alberta Stock Exchange.

Raymond A. Siwiec - President, Secretary and Director. Mr. Siwiec received an Honours Bachelor of Commerce degree from the University of Windsor in 1972 and a Masters of Business degree from York University in 1974. His business background includes being Director of the New Enterprise Development Program and an instructor in new venture development at the University of Calgary as well as President of New Venture Consulting Services. He has direct experience in business start-up and strategic planning along with extensive experience in management, leasing, negotiations and real estate development with several major international real estate firms. In 1988, Mr. Siwiec was the major founding shareholder, President and Director of Enterprise Development Corporation which presently trades as a junior oil and gas company on The Alberta Stock Exchange.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which as at the date hereof, 3,400,000 were issued and outstanding as fully paid and non-assessable, and an additional 340,000 are reserved under directors' and management stock options.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the Shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

First Preferred Shares

The Corporation is authorized to issue an unlimited number of First Preferred Shares issuable in series. As at the date hereof, there are no issued and outstanding First Preferred Shares. The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. The First Preferred Shares are entitled to preference over the Second Preferred Shares and the Common Shares of the Corporation with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. Except as required by law, or as provided with respect to any series of First Preferred Shares, the holders of the First Preferred Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

Second Preferred Shares

The Corporation is authorized to issue an unlimited number of Second Preferred Shares issuable in series. As at the date hereof, there are no issued and outstanding Second Preferred Shares. The Second Preferred Shares of each series rank on a parity with the Second Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. The Second Preferred Shares are entitled to preference over the Common Shares of the Corporation with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation. Except as required by law, or as provided with respect to any series of Second Preferred Shares, the holders of the Second Preferred Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at September 30, 1995 and as at September 30, 1995 as if the Major Transaction had occurred on such date.

Capital	Amount Authorized	Outstanding as at September 30, 1995	Outstanding as at September 30, 1995 as if the Major Transaction had occurred on such date(3)(4)
Common Shares(2)(3)	Unlimited	$310,000 (3,400,000 shares)	$960,000 (9,900,000 shares)

(1) The retained earnings and deficit of the Corporation as at September 30, 1995 were nil.

(2) The Corporation has granted options for an aggregate of 340,000 Common Shares at $0.15 per share to the directors and management. See "Description of Share Capital".

(3) Assumes the issuance of 3,500,000 Common Shares at a price of $0.10 per share pursuant to the Major Transaction.
(4) Assumes the issuance of 3,000,000 Common Shares at a price of $0.10 per share pursuant to a private placement.

PRIOR SALES

Since the date of incorporation, 3,400,000 Common Shares have been issued as follows:

Date	Number of Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration Received
September 30, 1993	2,000,000	$0.05	$100,000	Cash
December 16, 1993	1,400,000	$0.15	$210,000	Cash

PRINCIPAL SHAREHOLDERS

The following table lists those persons who own of record or are known to the Corporation to own beneficially, directly or indirectly, more than 10% of the 3,400,000 issued and outstanding Common Shares of the Corporation as at the date hereof:

Name and Municipality	**Type of Ownership**	**Number of Common Shares**	**Percentage of Shares Owned**
Raymond A. Siwiec Calgary, Alberta	of record and beneficially	700,000	21%

As of the date hereof, 1,300,000 Common Shares were beneficially owned or controlled, directly or indirectly, by the directors and officers as a group, representing 38.24% of the issued and outstanding Common Shares of the Corporation.

ESCROWED SHARES

To date, 2,000,000 Common Shares of the Corporation are subject to escrow restrictions pursuant to an escrow agreement (the "Escrow Agreement") dated November 24, 1993 among the Corporation, the Founding Shareholders and Montreal Trust. The Escrow Agreement provides that any securities purchased in the secondary market prior to the completion of a major transaction by a shareholder who is also a Control Person, as defined below, shall be deposited in escrow and provides an undertaking on the part of the shareholders to deliver to Montreal Trust all certificates representing the Common Shares which are to be deposited and held in escrow pursuant to the Escrow Agreement.

"Control Person" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of Common Shares of the Corporation so as to affect materially the control of the Corporation, or holds more than 20% of the outstanding Common Shares except where there is evidence showing that the holding of those Common Shares does not affect materially the control of the Corporation.

"Related Parties" means the promoters, directors and officers of the Corporation, other insiders and associates or affiliates of such persons or companies.

The Common Shares held in escrow are held as follows:

Name of Shareholder	Number of Escrowed Shares
Raymond A. Siwiec	700,000
Laura M. Siwiec	320,000
P. Douglas McArthur	200,000
Hervé B. Collet	200,000
Philip A. Coleman	200,000
Edward Siwiec	160,000
B. Vaughan Armstrong	100,000
Robert Elsworthy	100,000
Edward E. Gilbert	20,000

Upon Foothills completing a major transaction, the escrowed securities shall be released as to one-third of the escrowed securities on each of the first, second and third anniversaries of the completion of such major transaction.

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the present directors and officers of the Corporation, their positions and offices with the Corporation and their principal occupations during the last five years:

Name and Municipality of Residence	Office	Principal Occupation and Positions During the Last Five Years
Philip A. Coleman* Calgary, Alberta	Director	President of Triple Pacer Resources Ltd. (an oil and gas company) from 1987 to present and President of Leader Gas Ltd. (an oil and gas company) from May, 1993 to November, 1995.
Hervé B. Collet Calgary, Alberta	Vice President	President of Bzh Petroleum Consultants from 1976 to the present.
P. Douglas McArthur, Q.C.* Calgary, Alberta	Director	Independent businessman from January, 1993, and presently the Secretary-Treasurer and a Director of Bowridge Resource Group Inc. (an oil and gas services company) and the President of Script Publishing Inc. (a publishing company), Director of Southern Alberta office of the Premier of Alberta from April, 1990 to December, 1992. President of C2C Satellite Productions Inc., a satellite uplink and television production company from May, 1989 to March, 1990. President, Director and Chairman of Knee Hill Energy Canada Ltd. (and predecessor companies) an oil and gas exploration and development company from July, 1977 to March, 1989.

Name and Municipality of Residence	Office	Principal Occupation and Positions During the Last Five Years
Raymond A. Siwiec* Calgary, Alberta	President, Secretary and Director	Independent businessman from February, 1993 to the present and currently President, Secretary and a Director of Foothills Oil & Gas Ltd. General Manager of the Calgary property management department of Colliers Macaulay Nicolls Inc. (a commercial real estate brokerage company) from November, 1990 to January, 1993; salesperson with Colliers Macaulay Nicolls Inc. from January, 1990 to October, 1990; President of New Venture Consulting Services (a consulting company) from November, 1985 to December, 1989. President and Director of Enterprise Development Corporation (a former junior capital pool company) from June, 1987 to completion of reverse takeover in April, 1988.

* These directors are also members of the audit committee

See also "Management and Key Personnel".

DIVIDEND RECORD AND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

STATEMENT OF EXECUTIVE COMPENSATION

Pursuant to share option agreements dated October 22, 1993 between the Corporation and certain of its directors and officers, the Corporation has granted options to purchase, in the aggregate 340,000 Common Shares at an exercise price of $0.15 per share with an expiry date of October 22, 1998. To date, none of such options have been exercised. See "Stock Options". Other than the foregoing, the Corporation has not paid any compensation to its directors and officers since incorporation.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer is currently or has been indebted to the Corporation since the beginning of the last completed financial year of the Corporation.

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The Common Shares are listed on The Alberta Stock Exchange and were posted for trading from January 4, 1994 until July 6, 1995. The Common Shares were suspended from trading on July 6, 1995 because the Corporation did not complete a major transaction within the required time period. The following table sets out the high and low daily closing prices and the volumes of trading of Common Shares as reported by The Alberta Stock Exchange.

	Price Range High ($)	Price Range Low ($)	Trading Volume
1994			
1st quarter	0.25	0.16	232,000
2nd quarter	0.44	0.18	439,500
3rd quarter	0.30	0.13	88,000
4th quarter	0.16	0.10	73,100
1995			
January	0.15	0.10	13,000
February	0.10	0.10	9,000
March	0.10	0.10	1,000
April	0.09	0.09	25,000
May	0.12	0.10	18,500
June	0.15	0.15	2,000
July (to July 6)	N/A	N/A	0

The closing bid and ask prices of the Common Shares on The Alberta Stock Exchange on July 6, 1995 (as reported by such exchange) were $0.10 and $0.19, respectively.

STOCK OPTIONS

As at the date hereof, the Corporation has granted stock options to its directors and officers as follows:

Name	Date of Grant	Number of Common Shares Under Option	Exercise Price Per Common Share	Expiry Date
Hervé B. Collet	October 22, 1993	113,333	$0.15	October 22, 1998
P. Douglas McArthur	October 22, 1993	113,333	$0.15	October 22, 1998
Raymond A. Siwiec	October 22, 1993	113,334	$0.15	October 22, 1998
TOTAL		**340,000**		

All shares acquired on exercise of directors and management options, when acquired, shall be subject to escrow unless such shares are acquired after the Major Transaction has been completed.

These options are non-transferable and will expire, if not exercised, one-year following the date the optionee ceases to be a director or hold an office of the Corporation by reason of death or ninety (90) days after ceasing to be a director or officer for any reason other than death.

The Board of Directors of the Corporation has adopted a Stock Option Plan for the Corporation (the "Plan"). Pursuant to the Plan, the Board of Directors of the Corporation may allocate non-transferable options to purchase Common Shares of the Corporation to directors, officers and employees of the Corporation and to consultants retained by the Corporation.

Under the Plan the aggregate number of shares to be delivered upon the exercise of options granted thereunder may not exceed 10% of the issued shares of the Corporation at the time of granting the options. Further, the aggregate number of shares to be delivered upon exercise of the options granted thereunder to any one individual shall not exceed

5% of the issued shares of the Corporation. Options issued pursuant to the Plan subsequent to this offering shall have an exercise price not less than that from time-to-time permitted by the stock exchange on which the shares are listed.

PROMOTER

Raymond A. Siwiec may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. The promoter and other directors have been granted options to acquire an aggregate of 340,000 Common Shares at a price of $0.15 per share. See "Stock Options".

MATERIAL CONTRACTS

The Corporation has not entered into any material contracts within the two years prior to the date hereof, other than:

1. Escrow Agreement dated November 24, 1993 among the Corporation, Montreal Trust and the Founding Shareholders. See "Escrowed Shares";

2. Purchase and Sale Agreement dated December 28, 1995 among the Corporation, Milor and the Milor Shareholders; and

3. Hayter Purchase Agreement to be entered into between the Corporation and Milor.

Copies of these agreements will be available for inspection at the registered office of the Corporation, 4500, 855 2nd Street S.W., Calgary, Alberta, T2P 4K7 during ordinary business hours until the date of the Meeting.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (Alberta).

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Three of the directors and officers have options to acquire a combined total of 340,000 Common Shares. See "Stock Options".

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is Barr Shelley Stuart, 635, 808 - 4th Avenue S.W., Calgary, Alberta, T2P 3E8.

Montreal Trust Company of Canada at its principal office at Suite 600, 530 - 8th Avenue, S.W., Calgary, Alberta, T2P 3S8 is the transfer agent and registrar for the Common Shares.

FOOTHILLS OIL & GAS LTD.

FINANCIAL STATEMENTS
(Unaudited - See Notice To Reader)

SEPTEMBER 30, 1995

NOTICE TO READER

We have compiled the balance sheets of Foothills Oil & Gas Ltd. as at September 30, 1995 and 1994 and statements of deficit and cash flow for the three month periods then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Barr Shelley Stuart

CHARTERED ACCOUNTANTS

Calgary, Alberta
November 21, 1995

FOOTHILLS OIL & GAS LTD.

BALANCE SHEETS
AS AT SEPTEMBER 30
(Unaudited - Notice To Reader)

	1995	1994
ASSETS		
CURRENT		
Cash and term deposits	$ 243,999	252,437
Accounts receivable	355	407
	244,354	252,844
DEFERRED COSTS	14,268	14,384
	$ 258,622	267,228
LIABILITIES		
CURRENT		
Accounts payable	$ 2,000	-
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	267,228	267,228
DEFICIT	(10,606)	-
	256,622	267,228
	$ 258,622	267,228

R. Siwiec

Raymond Siwiec
Director

Philip Coleman
Director

FOOTHILLS OIL & GAS LTD.

STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIODS ENDED SEPTEMBER 30
(Unaudited - Notice To Reader)

	1995	1994
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Changes in working capital balances related to operating activities		
Accounts receivable	$ 1,219	1,047
Accounts payable	-	(2,194)
	1,219	(1,147)
INVESTING ACTIVITY		
Net reduction in deferred costs	1,914	1,298
INCREASE IN CASH	3,133	151
CASH AT BEGINNING OF PERIOD	240,866	252,286
CASH AT END OF PERIOD	$ 243,999	252,437

FOOTHILLS OIL & GAS LTD.

STATEMENT OF DEFICIT
FOR THE THREE MONTH PERIODS ENDED SEPTEMBER 30

	1995	1994
DEFICIT AT BEGINNING OF PERIOD	$ (10,606)	-
DEFICIT AT END OF PERIOD	$ (10,606)	-

PART II
INFORMATION CONCERNING MILOR ENERGY INC.

THE CORPORATION

The Corporation was incorporated as 505572 Alberta Ltd. A certificate of incorporation was issued on September 23, 1991, pursuant to the *Business Corporations Act* (Alberta). A certificate of amendment was issued on August 4, 1995 pursuant to the *Business Corporations Act* (Alberta) evidencing the change its name from 505572 Alberta Ltd. to Milor Energy Inc.

The head and principal office of Milor is located at 212 Varsity Estates Terrace N.W., Calgary, Alberta, T3B 5J5. The registered office of Milor is located at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

Business of the Corporation

Milor is involved in the acquisition, development and production of petroleum and natural gas reserves in Western Canada.

BUSINESS OF MILOR

Description of Properties

The following is a description of Milor's principal producing properties:

Woking, Alberta

Milor owns an 8.36% working interest in 6,080 gross (511 net) acres in the Woking area of northwest Alberta located in Townships 75 and 76, Ranges 4, 5 and 6, west of the sixth meridian. This property includes interests in 2 gross (0.2 net) producing gas wells, 5 gross (0.4 net) shut in gas wells and 1 gross (0.1 net) producing oil well. The Company also owns an 8.333% interest in a gas plant and associated flowlines. As at January 1, 1995, Milor's recoverable reserves were 421 mmcf of gas and 13,000 bbls of oil. Average production from this field for the first nine months of 1995 was 4.6 mmcf (384 mcf net) per day of gas and 81 bbls (7.0 bbls net) per day of oil with production coming from the Cadomin, Falher and Halfway formations.

Hayter, Alberta

Milor has the right to purchase a 98.5% working interest in the south-half and north-east quarter of Section 24, Township 40, Range 2, west of the fourth meridian comprising 480 gross (473 net) acres. The property contains 3 gross (2.95 net) producing oil wells as well as 1 disposal well and battery facility. As at September 1, 1995, Milor's recoverable reserves were 88,800 bbls of oil with average production rates for the first six months of 1995 of 27 barrels (26.6 net) per day with production coming from the Sparky formation. Milor has identified three infill drilling locations on this property.

Undeveloped Land

The following table sets out the undeveloped lands held by Milor as at the date of this Information Circular.

Property	Woking	Hayter	Total
Gross Acreage	**5,280.0**	**360.0**	**5,640.0**
Net Acreage	**511.1**	**354.6**	**865.7**

Notes:

(1) "Gross" refers to the total acres in which Milor has an interest.
(2) "Net" is calculated by multiplying the gross number by the percentage working interest therein owned by Milor.

Oil and Gas Wells

The following table summarizes the working interests of Milor as at September 30, 1995 in producing wells and shut in gas wells on the Woking Property and the working interests to be acquired by Milor in the Hayter Property.

	Producing Oil Wells		Producing Gas Wells		Shut in Gas Wells	
Area	Gross	Net	Gross	Net	Gross	Net
Woking	1.0	0.1	2.0	0.2	5.0	0.4
Hayter	3.0	2.9	0.0	0.0	0.0	0.0
Total	4.0	3.0	2.0	0.2	5.0	0.4

Production

The following table summarizes oil and natural gas production volumes of Milor, before the deduction of royalties, for the periods indicated.

Period	Oil (bbl)	Natural Gas (mcf)
May, 1995 to September 30, 1995	7.1	336

Reserves

The Henderson report relating to the Woking Property evaluated the crude oil and natural gas reserves attributable to the Woking Property as at January 1, 1995. The Henderson report relating to the Hayter Property evaluated the crude oil and natural gas reserves attributable to the Hayter Property as at September 1, 1995.

The following tables set forth certain information relating to the oil and gas reserves associated with the Properties. **All future net revenues are stated prior to provision for income taxes and any indirect costs after the deduction of royalties. It should not be assumed that the discounted future net revenues contained in the following tables are representative of the fair market value of the reserves.** Assumptions relating to costs, prices for future production and other matters are contained in the Henderson Reports and summarized in the notes following the tables. The Henderson Reports are based on data supplied by Milor and Henderson's opinion of reasonable practice in the industry.

WOKING REPORT

ESCALATING PRICE AND COST ASSUMPTION

	Gross Reserves (1)		Net Reserves (2)		Present Value of Estimated Future Net Revenues (7)		
					discounted at		
	Crude Oil	Natural Gas	Crude Oil	Natural Gas			
	(bbl)	(mmcf)	(bbl)	(mmcf)	10%	15%	20%
						($000)	
Proved Producing (3)(4)	13,000	397	11,000	307	376	326	289
Probable (5)	0	24	0	22	11	8	6
Total	13,000	421	11,000	329	387	334	295

CONSTANT PRICE AND COST ASSUMPTION

	Gross Reserves (1)		Net Reserves (2)		Present Value of Estimated Future Net Revenues (7)		
					discounted at		
	Crude Oil	Natural Gas	Crude Oil	Natural Gas			
	(bbl)	(mmcf)	(bbl)	(mmcf)	10%	15%	20%
						($000)	
Proved Producing (3)(4)	13,000	397	11,000	307	346	304	272
Probable (5)	0	24	0	22	8	6	5
Total	13,000	421	11,000	329	354	310	277

Notes:

1. Gross Reserves are defined as the remaining reserves owned by Milor before the deduction of any royalties.
2. Net Reserves are defined as the remaining reserves owned by Milor after deduction of royalties and interests owned by others.
3. Proved reserves are those reserves estimated as recoverable under current technology and existing economic conditions, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.
4. Proved producing reserves are those reserves that are actually on production, or if not producing, that could be recovered from existing wells or facilities and where the reason for the current non-producing status is the choice of the owner rather than the lack of markets or some other reasons. An illustration of such is where a well or zone is capable but is shut-in because its deliverability is not required to meet contract commitments.
5. Probable reserves are those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. **Probable reserves have been reduced by a factor of 50% to account for risk.**
6. Future Net Cash Flow is expressed after giving effect to all royalties, mineral taxes, operating costs and capital expenditures but before provision for income taxes and indirect costs, such as overhead and administrative expenses.
7. The operating costs used in the Henderson report relating to the Woking Property were based on recent joint venture information and escalated at 4% per annum in the escalated case.

8. The oil and gas price forecasts used in the Henderson report relating to the Woking Property are as follows:

	Average Price of Natural Gas ($/mcf)		Average Price of Crude Oil ($/bbl)	
Year	Escalated	Constant	Escalated	Constant
1995	1.57	1.57	19.37	19.37
1996	1.63	1.57	20.14	19.37
1997	1.70	1..57	20.95	19.37
1998	1.77	1.57	21.79	19.37
1999	1.84	1.57	22.66	19.37
2000	1.91	1.57	23.57	19.37
2001	1.99	1.57	24.51	19.37
2002	2.07	1.57	25.49	19.37
2003	2.15	1.57	26.51	19.37
2004	2.23	1.57	27.57	19.37
2005	2.32	1.57	28.67	19.37
2006	2.42	1.57	29.82	19.37
2007	2.51	1.57	31.01	19.37
2008	2.61	1.57	32.25	19.37
2009	2.72	1.57	33.54	19.37

9. Future net revenues may include royalty reductions under the existing Alberta Royalty Tax Credit program. The Henderson report has assumed that the existing ARTC regulations will be extended indefinitely.

10. The Henderson report relating to the Woking Property is based in part upon representations by Milor as to factual information, including property ownership, which was accepted as presented, without independent verification.

HAYTER REPORT

ESCALATING PRICE AND COST ASSUMPTION

	Gross Reserves [1] Crude Oil (mbbl)	Net Reserves[2] Crude Oil (mbbl)	Present Value of Estimated Future Net Revenues [7] discounted at 10% ($000)	15%	20%
Proved Producing [3][4]	55.1	53.5	399	359	325
Probable [5]	33.7	32.4	81	59	40
Total	88.8	85.9	480	418	365

CONSTANT PRICE AND COST ASSUMPTION

	Gross Reserves[1] Crude Oil (mbbl)	Net Reserves[2] Crude Oil (mbbl)	Present Value of Estimated Future Net Revenues[7] discounted at 10% ($000)	15%	20%
Proved Producing [3][4]	55.1	53.5	361	326	296
Probable [5]	33.7	32.4	59	39	23
Total	88.8	85.9	420	365	319

Notes:

1. Gross Reserves are defined as the remaining reserves owned by Milor before the deduction of any royalties.
2. Net Reserves are defined as the remaining reserves owned by Milor after deduction of royalties and interest owned by others.
3. Proved reserves are those reserves estimated as recoverable under current technology and existing economic conditions, from that portion of a reservoir which can be reasonably evaluated as geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.
4. Proved producing reserves are those reserves that are actually on production, or if not producing, that could be recovered from existing wells or facilities and where the reason for the current non-producing status is the choice of the owner rather than the lack of markets or some other reasons. An illustration of such is where a well or zone is capable but is shut-in because its deliverability is not required to meet contract commitments.
5. Probable reserves are those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. **Probable reserves have been reduced by a factor of 50% to account for risk.**
6. Future Net Cash Flow is expressed after giving effect to all royalties, mineral taxes, operating costs and capital expenditures but before provision for income taxes and indirect costs, such as overhead and administrative expenses.
7. The operating costs used in the Henderson report relating to the Hayter Property were based on recent joint venture information and escalated at 4% per annum in the escalated case.
8. The oil price forecast used in the Henderson report relating to the Hayter Property are as follows:

Average Price of Oil ($/bbl)

Year	Escalated	Constant
1995	20.50	20.50
1996	21.32	20.50
1997	22.17	20.50
1998	23.06	20.50
1999	23.98	20.50
2000	24.94	20.50
2001	25.94	20.50
2002	26.98	20.50
2003	28.06	20.50
2004	29.18	20.50
2005	30.35	20.50

9. Future net revenues may include royalty reductions under the existing Alberta Royalty Tax Credit program. The Henderson report relating to the Hayter Property has assumed that the existing ARTC regulations will be extended indefinitely.
10. The Henderson report relating to the Hayter Property is based in part upon representations by Milor as to factual information, including property ownership, which was accepted as presented, without independent verification.

MANAGEMENT AND KEY PERSONNEL

William J. Kiff - President and Director. Mr. Kiff received an Honors Degree in Business Administration from the University of Western Ontario in 1977. From August 1990 to July 1995, he was President and a Director of Canadian Pioneer Energy Ltd., a public oil and gas exploration and development company. Previously, his oil and gas experience was with several public companies in the area of land management.

Nancy M. Kiff - Corporate Secretary and Director. Mrs. Kiff received her Bachelor of Arts degree from the University of Western Ontario in 1976 and her Bachelor of Education degree from the University of Western Ontario in 1977. From 1978 to 1982, she held various positions in several public companies in the area of land management. Since 1982, she has been engaged as a part-time land consultant.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Milor consists of an unlimited number of Class “A” common shares. The holders of Class “A” common shares are entitled to dividends, if and when declared by the board of directors, to one vote per share at meetings of the shareholders of Milor and upon liquidation, to receive such assets of Milor as are distributed to the holders of the Class “A” common shares.

CAPITALIZATION

The following table sets forth the capitalization of Milor as at September 30, 1995:

Capital	Amount Authorized	Outstanding as at September 30, 1995
Class "A" common shares	Unlimited	$100 (100 shares)

(1) The retained earnings and deficit of Milor as at September 30, 1995 were $23,047.
(2) As at September 30, 1995, Milor had a shareholder loan outstanding in the amount of $150,000

PRINCIPAL SHAREHOLDERS

The following table sets out, as of the date of this Information Circular, the only persons who, to the best of the knowledge of the directors of Milor, beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to the issued and outstanding Class "A" common shares of Milor:

Name and Municipality of Residence	**Type of Ownership**	**Number of Common Shares Held**	**Percentage of Common Shares Owned**
William J. Kiff Calgary, Alberta	of record and beneficial	55	55%
Nancy M. Kiff Calgary, Alberta	of record and beneficial	45	45%

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the present directors and officers of Milor, their positions with Milor and their principal occupations during the last five years.

Name and Municipality of Residence	Office(s) with the Corporation Now Held	Principal Occupation or Employment for the last five years
William J. Kiff Calgary, Alberta	President and Director	Currently President and Director of Milor Energy Inc. Prior thereto, President and a Director of Canadian Pioneer Energy Inc. up to July, 1995.
Nancy M. Kiff Calgary, Alberta	Secretary and Director	Secretary and a Director of Milor Energy Inc. since December, 1992. Prior thereto, part-time land consultant

As at the date hereof, 100 Class "A" common shares were beneficially owned or controlled, directly or indirectly, by the directors and officers of Milor as a group, representing, in the aggregate, 100% of the issued and outstanding voting securities of Milor.

INDUSTRY CONDITIONS

Canadian Government Regulation

The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of Milor in a manner materially different than they would affect other oil and gas companies of similar size.

Pricing and Marketing - Oil

In Canada, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market and the value of refined products. Oil exports may be made pursuant to export contracts with terms not exceeding one year in the case of light crude, and not exceeding two years in the case of heavy crude, provided that an order approving any such export has been obtained from the National Energy Board ("NEB"). Any oil export to be made pursuant to a contract of longer duration requires an exporter to obtain an export license from the NEB and the issue of such a license requires the approval of the Governor in Council.

Pricing and Marketing - Natural Gas

In Canada the price of natural gas sold in interprovincial and international trade is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain criteria prescribed by the NEB and the government of Canada. As is the case with oil, natural gas exports for a term of less than two years must be made pursuant to an NEB order, or, in the case of exports for a longer duration, pursuant to an NEB license and Governor in Council approval.

The governments of Alberta, British Columbia and Saskatchewan also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

The North American Free Trade Agreement

On January 1, 1994 the North American Free Trade Agreement ("NAFTA") among the governments of Canada, the U.S. and Mexico became effective. The NAFTA carries forward most of the material energy terms contained in the Canada-U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports to the U.S. or Mexico will be allowed provided that any export restrictions do not: (i) reduce the proportion of energy resource exported relative to domestic use, (ii) impose an export price higher than the domestic price, and (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum export or import price requirements.

The NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The agreement also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced.

From time to time the governments of Canada, Alberta, British Columbia and Saskatchewan have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced planning projects.

Regulations made pursuant to the Alberta *Mines and Minerals Act* provide various incentives for exploring and developing oil reserves in Alberta. Oil produced from qualifying development wells that were spudded prior to August 1, 1993 (or spudded in August but licensed prior thereto) are eligible for a 12 month royalty exemption to a maximum of $400,000. Exploration wells spudded prior to April 1, 1992, or if drilled in northern Alberta or the Foothills areas prior to April 1, 1993, are entitled to a 24 month exemption to a maximum of $1 million. A 24 month royalty reduction (up to December 31, 1996) is available to oil produced from qualifying horizontal extensions commenced prior to April 1, 1994. Oil produced from horizontal extensions commenced at least 5 years after the well was originally spudded may also qualify for a royalty reduction. Wells drilled prior to September 1, 1990, and reactivated between November 1, 1991 and October 1, 1992, having had no production between September 1, 1990 and November 1, 1991, are entitled to a 5-year royalty exemption to a maximum of 4,000 cubic metres. An 8,000 cubic metres exemption is available to production from a well that has not produced for a 12 month period, if resuming production prior to February 1, 1993, or for a 24 month period if resuming production after January 1993. As well, oil production from eligible new field and new pool wildcat wells and deeper pool test wells spudded or deepened after September 30, 1992 is entitled to a 12 month royalty exemption (to a maximum of $1 million). Oil produced from low productivity wells, enhanced recovery schemes (such as injection wells) and experimental projects is also subject to royalty reductions.

Effective January 1, 1994, the calculation and payment of natural gas royalties are subject to a simplified process. The royalty reserved to the Crown, subject to various incentives, is between 15% and 30%, in the case of new gas, and between 15% and 35%, in the case of old gas, depending upon a prescribed or corporate average reference price. Gas produced from qualifying exploratory gas wells spudded or deepened after July 31, 1985 and before June 1, 1988 continues to be eligible for a royalty exemption for a period of 12 months, up to a prescribed maximum amount. Gas produced from qualifying intervals in eligible gas wells spudded or deepened to a depth below 2,500 metres is also subject to a royalty exemption, the amount of which depends on the depth of the well.

In Alberta, a producer of oil or natural gas is entitled to a credit against the royalties payable to the Crown by virtue of the ARTC (Alberta royalty tax credit) program. The ARTC program is based on a price-sensitive formula, and the ARTC rate currently varies between 85 percent, at prices for oil below $100 per cubic meter, and 25 percent, at prices above $210 per cubic meter. The maximum rate is to be reduced to 75 per cent effective January 1995. The ARTC rate is currently applied to a maximum of $2,000,000 of Alberta Crown royalties payable for each producer or associated group of producers. Crown royalties on production from producing properties acquired from corporations claiming maximum entitlement to ARTC will generally not be eligible for ARTC. The rate is established quarterly based on the average "par price", as determined by the Alberta Department of Energy for the previous quarterly period. The government has announced that the credit will operate on a three-year rolling term, so any changes to the credit will be announced three years in advance.

Oil and natural gas royalty holidays and reductions for specific wells reduce the amount of Crown royalties paid by the Corporation to the provincial governments. The ARTC program provides a rebate on Crown royalties paid in respect of eligible producing properties. Both of these incentives increase the net income of the Corporation.

Effective January 1, 1994, the Government of Saskatchewan revised its fiscal regime for the oil and gas industry. Some royalties on wells existing as of that date will remain unchanged and therefore subject to various periods of royalty/tax reduction. While a number of incentives were eliminated or reduced (such as incentives for vertical infill wells and lower cost horizontal wells), new incentive programs were initiated to encourage greater exploration and development activity in the province. The new fiscal regime provides an incentive to encourage the drilling of new vertical oil wells through a revised royalty/tax structure for new vertical oil wells and incremental production from new or expanded water flood projects. This "third tier" Crown royalty rate is price sensitive and varies between heavy and non-heavy oil (from a minimum of 10% for heavy oil at a base price to a maximum of 35% for non-heavy oil at a price above the base price). Previous time-based royalty/tax holidays applicable to vertically drilled oil wells have been replaced with volume-based royalty/tax reduction incentives in which a maximum royalty of 5% will apply to various volumes depending on the depth and nature of the well (up to 25,000 cubic metres of oil in the case of deep exploratory wells). The maximum royalty applicable to the first 1,200 cubic metres of oil has been increased from 5% to 10% for

production from certain horizontal wells. In addition, royalty/tax holidays for deep horizontal oil wells have been replaced with a 25,000 cubic metres volume incentive (5% maximum royalty). Oil production from qualifying reactivated oil wells are subject to a maximum new royalty rate of 5% for the first 5 years following re-activation in the case of wells reactivated after 1993 and shut-in or suspended prior to January 1, 1993. With respect to qualifying exploratory natural gas wells, the first 25 million cubic metres of natural gas produced will be subject to an incentive maximum royalty rate of 5%.

Canadian Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulation pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties. In Alberta, environmental compliance has been governed by the *Alberta Environmental Protection and Enhancement Act* ("AEPEA") since September 1, 1993. In addition to replacing a variety of older statutes which related to environmental matters, AEPEA also imposes certain new environmental responsibilities on oil and natural gas operators in Alberta and in certain instances also imposes greater penalties for violations. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased, although not material, expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment.

RISK FACTORS

The Major Transaction should be considered highly speculative due to the nature of Milor's involvement in the exploration for and acquisition, development and production of oil and natural gas and their current stage of development. Exploration for oil and natural gas involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Milor.

Milor's operations are subject to all of the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blow-outs, fires and a high degree of operational and production risk, all of which could result in personal injuries, loss of life and damage to property of Milor and others. In accordance with customary industry practice, Milor is not fully insured against all of these risks, nor are all such risks insurable. Environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of the new legislation on Milor's operations has not yet been determined. However, Milor expects that they will be able to fully comply with all regulatory requirements in this regard.

The marketability and price of oil and natural gas which may be acquired or discovered by Milor will be affected by numerous factors beyond the control of Milor. The ability of the Milor to market their natural gas may depend upon their ability to acquire space in pipelines which deliver natural gas to commercial markets.

Milor is subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties relating to the proximity of its reserves to pipelines and processing facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and gas and many other aspects of the oil and gas business. Milor is also subject to a variety of waste disposal, pollution control and similar environmental laws. Milor believes it is in compliance in all material respects with such laws.

The oil and gas industry is intensely competitive and the Milor must compete in all aspects of their operations with a number of other corporations which may have greater technical ability and/or financial resources. Depending on future exploration and development plans, Milor may require additional financing which may not be available, or, if available, may not be available on favourable terms.

Title to oil and natural gas interests is often not capable of conclusive determination, without incurring substantial expense. In accordance with industry practice, Milor conducts such title reviews in connection with their principal properties as they believes are commensurate with the value of such properties.

DIVIDEND RECORD AND POLICY

No dividends have been paid on any shares of Milor since the date of its incorporation and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

STATEMENT OF EXECUTIVE COMPENSATION

During its most recently completed fiscal year, Milor did not pay any compensation to its directors and officers.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

William J. Kiff currently owes $28,566 to Milor and is owed $150,000 by Milor.

PROMOTER

William J. Kiff may be considered to be the promoter of Milor in that he took the initiative in founding and organizing the Corporation.

MATERIAL CONTRACTS

Milor has not entered into any material contracts within the two years prior to the date hereof, other than:

1. Purchase and Sale Agreement dated December 28, 1995 among the Corporation, Milor and the Milor Shareholders; and

2. Hayter Purchase Agreement to be entered into between the Corporation and Milor.

Copies of these agreements will be available for inspection at the registered office of Milor, 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2, during ordinary business hours until the date of the Meeting.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the sale of the Woking Property by William J. Kiff (President and a Director of Milor) to Milor at a price of $153,984 on July 5th, 1995, the directors, officers and principal shareholders of Milor (and the known associates and affiliates of such persons) have had no direct or indirect interest in any material transaction involving Milor during the 3 year period preceding the date of this Information Circular not otherwise disclosed herein.

AUDITORS

The auditors of Milor are Warner & Company, independent professional accountants, 2nd Floor, 1725 - 10th Avenue S.W., Calgary, Alberta, T3C 0K1.

MILOR ENERGY INC.

FINANCIAL STATEMENTS

AUDITED

AS AT SEPTEMBER 30, 1995

MILOR ENERGY INC.

AS AT SEPTEMBER 30, 1995

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ALVING G. WARNER CMA; FCCA
CERTIFIED MANAGEMENT ACCOUNTANT
SECOND FLOOR
1725 - 10 AVENUE S.W.
CALGARY, ALBERTA
T3C OK1
TELEPHONE: (403) 228-0152

AUDITOR'S REPORT

To the Shareholders of Milor Energy Inc.

I have audited the statement of financial position of Milor Energy Inc. as at September 30, 1995 and the statements of income, retained earnings and changes in the financial position for the period ended September 30, 1995. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 1995 and the results of its operations and changes in its financial position for the period ended September 30, 1995 in accordance with generally accepted accounting principles.

CERTIFIED MANAGEMENT ACCOUNTANT

DATED: December 24, 1995
CALGARY, ALBERTA

MILOR ENERGY INC.

STATEMENT OF FINANCIAL POSITION

AUDITED

AS AT SEPTEMBER 30, 1995

	1995	1994
ASSETS		
CURRENT		
Cash on hand	15	0
Accounts Receivable	10,516	0
Loan Receivable	28,665	0
	39,196	0
FIXED (Note 2)	139,980	0
OTHER		
Incorporation costs	750	0
	179,926	0

APPROVED ON BEHALF OF THE BOARD:

______________________ Director

Darcy M Kiff ______________________ Director

See accompanying notes to financial statemets

MILOR ENERGY INC.

STATEMENT OF FINANCIAL POSITION

AUDITED

AS AT SEPTEMBER 30, 1995

	1995	1994
LIABILITIES		
CURRENT		
Accounts payable and accruals	856	0
Corporate tax payable	5,923	0
	6,779	0
SHAREHOLDERS' LOAN (Note 3)	150,000	0
OTHER (Note 1)		
Deferred Income Taxes	0	0
	0	0
	156,779	0
SHAREHOLDER'S EQUITY		
Share Capital (Note 4)	100	0
RETAINED EARNINGS (DEFICIT)	23,047	0
	179,926	0

See accompanying notes to financial statements

MILOR ENERGY INC.

STATEMENT OF REVENUE AND RETAINED EARNINGS

AUDITED

FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 1995

	1995	1994
REVENUE		
Oil	15,593	0
Gas	77,678	0
Other	418	0
	93,689	0
DIRECT COST (Note 5)	35,061	0
	58,628	0
EXPENSES		
Management wages	6,540	0
Rent and common area	750	0
Transportation	351	0
Travel and promotion	3,339	0
Professional fees	856	0
Communications	927	0
Repairs and maintenance	36	0
Office expense	857	0
ERCB fees	389	0
Professional development	1,609	0
Depletion	14,004	0
	29,658	0
INCOME (LOSS) FROM OPERATIONS	28,970	0
INCOME TAXES		
Current taxes	5,923	0
	5,923	0
NET INCOME (LOSS) FOR THE YEAR	23,047	0
RETAINED EARNINGS (DEFICIT), BEGINNING	0	0
RETAINED EARNINGS (DEFICIT), ENDING	23,047	0

See accompanying notes to financial statements

MILOR ENERGY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

AUDITED

FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 1995

	1995	1994
CASH FROM (TO) OPERATIONS		
Net income (loss) for the year	23,047	0
Depletion	14,004	0
Decrease (Incr) in accounts receivable	(10,516)	0
Decrease (Increase) in loan receivable	(28,665)	0
Increase (Decrease) in accounts payable	856	0
Increase (Decrease) in corporate taxes	5,923	0
	4,649	0
CASH FROM (TO) FINANCING		
Advances from (to) shareholders	150,000	0
Share Capital Issued	100	0
	150,100	0
CASH FROM (TO) INVESTMENTS		
Purchase of fixed assets	153,984	0
Incorporation costs	750	0
	154,734	0
INCREASE (DECREASE) IN CASH	15	0
CASH, BEGINNING OF YEAR	0	0
CASH, END OF YEAR	15	0
CASH IS REPRESENTED BY:		
Current bank	15	0
	15	0

See accompanying notes to financial statements

MILOR ENERGY INC.

NOTES TO THE FINANCIAL STATEMENTS

AUDITED

FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Corporation was only incorporated under The Alberta Business Corporations Act.

(b) Fixed assets are stated at cost. Leasehold improvements are amortized over the remaining period of the lease. Oil and gas properties and equipment are charged to income using the unit of production method based upon estimated oil and gas reserves. Rates per barrel are as follows:

Oil and gas properties	$ 1.9488 per barrel
Oil and gas equipment	$ 0.5468 per barrel

(c) Deferred income taxes

The Corporation records income tax on the tax allocation method deferred income taxes result primarily from:

(i) The timing of recognition of profits for income tax purposes where the recognition of the gain on sale of fixed assets has been deferred;
(ii) Capital cost allowance for income tax purposes in excess of depreciation recorded in the accounts.

MILOR ENERGY INC.

NOTES TO THE FINANCIAL STATEMENTS

AUDITED

FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 1995

2. FIXED ASSETS

			1995	1994
	Cost	Accumulated Depletion	Net Book Value	Net Book Value
Oil & gas properties	120,244	10,936	109,308	0
Oil & gas equipment	33,740	3,068	30,672	0
	153,984	14,004	139,980	0

3. SHAREHOLDERS' LOAN

The amount due to the shareholder is non-interest bearing, unsecured and is due upon demand.

4. SHARE CAPITAL

Authorized :
Unlimited Class "A" Common Shares

Issued:

100 Class "A" Common Shares	$ 100.00

5. DIRECT COST

Crown royalties	$ 8,755
Freehold royalties	7,350
Operating costs	16,858
Crown surface lease rentals	2,098
	$ 35,061

QUEBECOR FINANCIAL PRINTING
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